

HOUSE BILL 1690

By Carr D

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 36 and Title 8, Chapter 37, relative to investments of retirement funds in certain companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-37-104, is amended by adding the following as a new subsection (f):

(f)

(1) In addition to the report required by subsection (d), the treasurer shall submit an annual report to the governor, board of trustees, speaker of the senate, speaker of the house of representatives, and members of the council on pensions and insurance regarding any investments of the Tennessee consolidated retirement system in direct holdings issued by sanctioned companies. The report shall include a list of those sanctioned companies, the amounts of investments in the direct holdings, and other data and statistics designed to explain the past and current extent to which the direct holdings in sanctioned companies are present.

(2) The treasurer shall obtain the names of the sanctioned companies from credible information available to the public at no cost to the retirement system regarding companies with business operations in Iran, including any report submitted pursuant to 22 U.S.C. § 8518 or any information provided by nonprofit organizations, research firms, international organizations, and government entities. The treasurer shall update the list of sanctioned companies,

on an annual basis, with information provided and received from those entities listed in this subdivision (f)(2).

(3) This subsection does not apply to:

(A) Investments in a defined contribution plan or a defined contribution component as defined in § 8-36-902; or

(B) Investments in a company that is primarily engaged in:

(i) Supplying goods or services intended to relieve human suffering in Iran; or

(ii) Promoting health, educational, religious, welfare, or journalistic activities in Iran.

(4) As used in this subsection:

(A) "Business operations" means any investment activities, as defined in 22 U.S.C. § 8532, in the energy sector in Iran, as defined in 22 U.S.C. § 8531. "Business operations" does not include the retail sale of gasoline and related consumer products or the continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for that purpose;

(B) "Company" means any foreign sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or any other foreign entity or business association, including all wholly-owned subsidiaries, majority-owned subsidiaries or parent companies or affiliates of these entities or business associations, that exists for the purpose of making a profit;

(C) "Direct holdings" means all publicly traded equity securities of a company that are held directly by the Tennessee consolidated retirement system or in an account or fund in which the Tennessee consolidated retirement system owns all shares or interests;

(D) "Investments" includes:

- (i) Commitments or contributions of funds or property;
- (ii) Loans or other extensions of credit; and
- (iii) Entries into, or renewals of, any contracts for goods or services;

(E) "Iran" means the Government of Iran and any agency or instrumentality of Iran;

(F) "Sanctioned business operations" means any business operations that:

(i) Are subject to or liable for sanctions under the Iran Sanctions Act of 1996 (Pub. L. No. 104-172), the Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010 (22 U.S.C. §§ 8501, et seq.), or the International Emergency Economic Powers Act (50 U.S.C. §§ 1701, et seq.); and

(ii) Involve the maintenance of:

(a) The company's existing assets or investments in Iran; or

(b) The deployment of new investments to Iran that meet or exceed the threshold referred to in 22 U.S.C. § 8532(c); and

(G) "Sanctioned company" means any company engaging in sanctioned business operations.

SECTION 2. Tennessee Code Annotated, Section 8-37-104(d), is amended by deleting the language "this subsection" in subdivisions (2) and (3) and by substituting instead the language "this subsection or subsection (f)".

SECTION 3. This act shall take effect at 12:01 a.m. on July 1, 2014, the public welfare requiring it.